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# STATE OF INDIANA

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## **School Property Tax Control Board Meeting Minutes September 15, 2005**

The monthly meeting of the School Property Tax Control Board was held on Thursday, September 15, 2005. The meeting was held in the Indiana Government Center South, Conference Center Room 2, 302 West Washington Street, Indianapolis, IN 46204. Those present for the meeting were Bill Roberson, Carlyn Johnson, Chuck Nemeth, Dave Bowen, Ken Barnes, Debbie Hinline, Joe Bronnert, Kurt Barrow and Teresa Hemmerle, Administrative Officer.

**Minutes and Discussion:** July 21, 2005 meeting minutes.

**South Montgomery Community School Corporation, Montgomery County:** Officials requested approval of a pension bond issue in the amount of \$3,150,000. The tax rate impact of the bond issue is \$0.045. The term of the bond is 15 years. The Neutrality Resolution states the Capital Projects and Transportation funds will be reduced in 2006 to offset the debt. This is the first request for a pension bond issue.

**Present for the hearing** was Bret Lewis, Superintendent; Terry Harris, School Attorney; Jim Merten and Kelly Hill, City Securities and Jane Herndon, Ice Miller.

**Comments:** The Superintendent spoke about the proposed pension bond issue. The school corporation had waited to pursue this option because the participation in early retirement had been pretty small over the years. Officials did not feel it was necessary to pursue a bond issue at that time. The school corporation has an aging staff and changes in the tax laws make this bond issue necessary. The new tax law says that an individual is responsible for income taxes upon becoming vested. This law amounts to \$250,000 that 17 employees would have owed, but might not receive. Officials felt they could not do this to their employees. The Internal Revenue Service made these changes to eliminate unfunded liabilities. The former contract also had an age discrimination issue. They have experienced twice the number of retirements the last couple of years then they have seen in the past. Officials began meeting with teachers early this year and reached an agreement in August that coincides with the actuarial study. The school board adopted a neutrality resolution in July stating the Capital Projects and Transportation funds would be reduced to offset the debt. The Transportation fund would be less desirable to reduce with the increased cost of fuel. They are currently in the middle of a construction project at the middle school which would reduce the need for expenditures from the Capital Projects fund. The elementary schools are up to date and in good shape. The bond term is fifteen years. Officials considered a shorter term, but the Capital Projects fund could not afford a larger reduction.

Mr. Barnes asked if officials have a replacement plan, such as a 401(a), in place and the Superintendent replied yes. Mr. Barnes asked if health insurance costs were paid for retirees and the Superintendent said no.

Ms. Johnson asked if the IRS change is affecting a number of schools. Ms. Herndon said this has been discussed for a long time and schools hopefully addressed it the first time around.

**Motion:** Mr. Barnes made a motion to approve a pension bond issue in the amount of \$3,150,000. Mr. Nemeth seconded the motion, which favorably carried 8-0.

**Hamilton Southeastern Schools, Hamilton County:** Officials requested approval of a lease rental agreement with maximum annual payments of \$665,000 for 22 years. Total project costs are \$7,890,000. The tax rate impact of the project is \$0.012 with a new facility appeal planned. The ABC common wage scale was passed by a 3 to 1 vote with the AFL-CIO representative casting the dissenting vote. There was no application for a petition and remonstrance process.

**Present for the hearing** was Dr. Concetta Raimondi, Superintendent; Mike Reuter, Chief Financial Officer; Brad Cook, School Attorney; Bart York, Skillman Corporation; Chuck Tyler, Fanning Howey Associates; Randy Ruhl, Jim Merten and Kelly Hill, City Securities Corporation and Thomas Peterson and Jane Herndon, Ice Miller.

**Project:** Fall Creek Elementary School is one of the oldest Elementary School buildings in the Hamilton Southeastern Schools district. It was last renovated and expanded in 1988 in order to increase the capacity to approximately 450 students. Due to the continued growth experienced by Hamilton Southeastern Schools the capacity of this building has continued to be compromised and increased with the addition of portable classrooms placed on the project site. The current building is supporting between 600 and 700 students with the use of portable classrooms.

During various evaluations of projected enrollments for Hamilton Southeastern Schools and overall facility plans developed along with those projections, it became apparent that a school of approximately 620 students provided the best operational value for Hamilton Southeastern Schools. The main goal of the feasibility studies and optional plans developed for this project was to increase its capacity to support 620 students.

The final option developed and approved by Hamilton Southeastern Schools includes work to allow the building capacity to be increased to 620 students but does not include work to match its facilities with the newer Hamilton Southeastern Schools Elementary School buildings. An addition of approximately 20,000 square feet including 9 classrooms brings the total number of classrooms to 25 matching the other Elementary Schools within Hamilton Southeastern Schools. The building addition also includes space for music instruction, a computer lab, student restrooms and mechanical space. The new music and computer space will allow limited renovations within the existing building where these spaces were previously located. The relocation of the music space will allow the cafeteria to be expanded to support the additional student capacity. The relocation of the computer lab will return a space back to a classroom function and provide an appropriately sized computer lab. Building expansion also includes

expanding an existing classroom into a kindergarten space bringing the total number of kindergarten spaces to three matching other Elementary Schools. An additional expanded space will become either an early childhood development classroom or large group instruction room.

Renovations of spaces within the existing building are limited to the development of special education space and small group instruction spaces within existing classroom spaces. Other work to be included in the project for building systems repairs and upgrades include the following:

- Site:
  - Relocate and provide new playground
  - Expand storm water detention area
  - Connect new addition to sanitary sewer system
  - Expand existing parking area
- Building:
  - Accessibility
    - Upgrade sink and toilet stall in two restroom groups
    - Change door hardware to lever handles
  - Replace existing roof system
  - Recoat existing EIFS fascia panels
- Plumbing:
  - Replace sinks and toilets with accessible units in two restroom groups
- Mechanical:
  - Provide new air-cooled chiller and pumps for new building addition
  - Provide new air handling unit for building addition in new mezzanine
  - Provide VAV shut-off terminals with hot water coils for building addition
  - Add high efficiency boiler and pump within existing boiler room
- Electrical:
  - Provide new central sound system in existing building and new addition
  - Provide new fire alarm system in existing building and new addition
  - Upgrade electrical service
- Fire Protection:
  - Add fire protection system in building addition
  - Add fire protection system in existing building
- Mechanical:
  - Replace 4-pipe unit ventilators in existing building
    - Provide new metal shelving around new ventilator to match existing
  - Replace existing pneumatic temperature controls with direct digital controls
  - Provide new air handling unit for air conditioning the existing gymnasium
    - Demolition of exterior wall to remove and replace air handling unit
    - New ductwork within gymnasium
  - Provide new air handling unit for kitchen and cafeteria area
    - Demolition of exterior wall to remove and replace air handling unit
- Technology:
  - Provide new educational technology in all classrooms
  - Upgrade telephone system
  - Upgrade network electronics

**Comments:** The Chief Financial Officer spoke about the project. The project involves the expansion of an elementary school. They are currently utilizing eleven portables at this facility and the reason is due to explosive growth in the district. A history of enrollment was submitted by school officials. The information reports an unofficial count as of September 1, 2005 of an increase of 1,243 students, which is the largest growth experienced in the district. They have experienced growth of over 1,000 each year the past five years. Officials expect to have over 20,000 students in the district in the foreseeable future. This project will increase the capacity at this facility to 620, which is the capacity at all the other elementary schools in the district. They are trying to move students into permanent spaces. There were four options considered, three were expansions of varying degrees and the fourth was a new school. Officials chose option B, which is a renovation and addition project that updates temperature controls in an older building that was last remodeled in 1988. The roof will be replaced on the existing area. This option was a little more expensive than other options, but the operating efficiency makes up the cost. They feel a facility of 620 students is the most efficient to operate. When you get above 750 students at a facility, there are issues with prep time for teachers and additional support staff would be needed. This would bring all elementary schools to the same level. They are continuously in a building mode. Officials did not expect the need for a new elementary school, but they picked up more students at the K-1 level than expected.

Mr. Barnes asked if officials checked prices of other underwriters and the Chief Financial Officer said no. Mr. Barnes asked why not shop around to drive down costs. The Chief Financial Officer said City Securities Corporation has done an excellent job and stays in contact with other projects. Mr. Barnes noted the construction manager is higher than normal and asked if this project is unique in some way. The Chief Financial Officer said the fee is still being negotiated. If it comes in lower, the bond issue will be reduced. Mr. Barnes asked if officials were negotiating with the same construction management firm. The Chief Financial Officer said they have not always used Skillman and have shopped others in the past. Officials feel comfortable with their decisions. He noted part of the fee is due to a 16 month construction timeline. This is only 2 months shorter than constructing a new facility. Mr. Barnes felt negotiating when comfortable with a firm does not get a school district the best price. The Chief Financial Officer said since the district is in such a growth mode that consistency is important. They have many projects going on at once. Officials would be happy to report the outcome to the control board.

Mr. Bowen felt it was hard to criticize fees based on a percentage. He thought giving the board a breakdown of the fee would be more meaningful.

Mr. Nemeth felt the construction management fee was exorbitant. Mr. Nemeth said the term of the lease seemed long. The Chief Financial Officer said they have assessed value issues that have occurred in recent years. The assessed value is not keeping pace with student growth as a result of a lot of appeals coming off. The change in personal property also caused a decrease. An apartment complex in Delaware Township had their assessment reduced \$40 million as a result of an appeal. The loss of inventory assessed value in 2007 will also have an impact of limiting assessed value growth to 2% to 3%. Officials are trying to manage the tax rate in the district. The Capital Project fund rate is increasing to cover utility and insurance costs and the General fund rate is increasing due to legislative changes.

Mr. Bronnert questioned the amount for loose equipment and technology. The Chief Financial Officer said that since the facility will be opened up on this project, they will be adding a new sprinkler system, cabling for voice/video equipment, updating the heating/cooling system, and installing network equipment and telephone system. He submitted a technology cost breakdown for the new and old space.

Mr. Barrow asked if officials would pursue a new facility appeal and the Chief Financial Officer replied yes. Mr. Barrow asked what the tax rate impact of the appeal would be. The Chief Financial Officer said the proposed levy is \$72,437, which would have a tax rate impact of approximately \$0.0013 based on an assessed value of \$5.4 billion.

Mr. Bowen questioned whether control board members were getting accurate costs per square foot.

Mr. Roberson asked what the school board vote was at the lease hearing and the Chief Financial Officer replied it was unanimous 7 to 0.

Mr. Nemeth felt the construction management fees should be reduced to what the control board normally sees, which would be around \$148,000. Mr. Barnes said this firm did include general conditions in fee, which was low and that should be considered. The Chief Financial Officer said the personnel costs were calculated at 4% and the overhead is 2.7%.

**Motion:** Mr. Nemeth made a motion to approve the lease for \$7,690,000. Mr. Barnes seconded the motion. Mr. Peterson asked if there would be a motion for the maximum payment and term. The construction manager said his firm would not hold up this project. The project involves working around students while classes are in session and makes this a more difficult project. He said their firm would step aside to keep the project moving. This project is not a good comparison because there is more effort involved. The community needs this facility.

Mr. Nemeth revised his motion to approve a lease rental agreement with maximum annual payments of \$665,000 for 22 years. Mr. Bronnert seconded the motion, which carried by a vote of 6-2. Mr. Barnes and Mr. Barrow cast the dissenting votes.

**Eastern Greene Schools, Greene County:** Officials requested approval of a lease rental agreement with maximum annual payments of \$1,710,000 for 23 years. The total project cost is \$16,000,000. The tax rate impact is \$0.7310 with a new facility rate impact of \$0.0636 expected. The common construction wage information was in order. There was no application for a petition and remonstrance process.

**Present for the hearing** was Randy Barrett, Superintendent; Andy Brough, School Board President; David Springer, Jr./Sr. High Principal; Jim Boots, Skillman; Scott Veazey, Architect; Angie Steeno, Jay Ryals and Jennifer Bell, Crowe Chizek and Jane Herndon, Ice Miller.

**Project:** The new Eastern Greene High School is a two-story facility serving 600 students in grades 9-12. The facility sits on a new site of 60+ acres with an on site sewage treatment plant. The facility will be a low slope structure with a masonry veneer. No exterior athletic facilities

will be constructed in this project as they will remain at the original K-12 facility site. The facility will house general purpose classrooms as well as Science Labs, Art, FACS, ITE, Music and a Media Center. The PE facility will double as the schools assembly area for drama and all school assemblies.

The facility will be designed to be expanded in the future as the projected population grows.

The site circulation will be divided into buses, students and staff/visitor parking areas to maintain a safe vehicular traffic flow.

The facility will be served by a geothermal heating and cooling system with unit ventilators in the classrooms.

The two story footprint has been used to minimize the impact on the sloping site and reduce the amount of earthwork required.

Interior construction will be a combination of masonry and stud walls, with traditional carpet/sheet good flooring, paint and lay in ceilings.

The building will be wired throughout with technology and be served by an existing IP based phone system at the central administration.

The budget of \$12.5 million for construction costs will make this a very economical solution for the expanding needs of Eastern Greene Schools.

**Comments:** The Superintendent spoke about the project. The district has seen steady growth over the years. The enrollment is up to 1,421 this year and officials project enrollment of 1,550 in 2010. They are seeing lots of transfers in from Monroe County. There are three subdivisions and a mobile home park currently under construction in the district. The proposed I-69 extension would also run through the southern part of the district and could cause growth along it. The current facility is K-12 and was built in 1960. There have been several additions and renovations over the years. There is currently no room to house additional programs needed to meet federal and state requirements. They have added a new math teacher, but there is no more space to put students. There is not enough parking during school activities. The current facility sits on 13 acres and part of the site cannot be built on. The elementary teachers must use the stage of the multipurpose room as a work room. The special education and Title I teachers use closets for offices. Students do not have an open computer lab to use during the day. There is one lab for the 800 elementary students. The Jr./Sr. High School operates on two 20 unit portable labs. The band room needs to be moved from the gymnasium stage. It would take two current classrooms to accommodate band. There is not sufficient seating in the gymnasium for basketball games or other special programs. The music department needs room to grow. Officials have worked hard to improve the situation at the school, but traffic is a major safety concern for the elementary students. The pre-school students must cross a driveway to eat lunch. The current facility does not have enough classrooms and many are overcrowded because there is no room for additional staff. They have traveling teachers to utilize empty classes as they are available. Officials would like to eliminate portable classrooms within seven years. Adding more portable classrooms costs

\$100,000 to \$200,000 per unit installed. The energy cost to heat these units, which are totally electric, are approximately twice the square footage cost than building areas. The units require maintenance on a weekly basis. The pre-K through 4<sup>th</sup> grade would occupy the current facility. The middle school students would be placed in the old high school, which would reduce the class size for this important transitional group. The new facility would house grades 9-12 and be able to accommodate 500 to 600 students. Officials have spent \$7.375 million for expansion since 1988 as well as \$350,000 for portable classrooms and have still not met the needs of their growing student population. They have the capacity to add teachers financially, but there is no space. Officials studied several options, but felt a new high school was most economical.

Mr. Bronnert asked if they were on REMC or Cinergy and a school official replied REMC.

Mr. Barnes felt the underwriter fee seemed high on this project. Ms. Steeno said they used an estimate of 1%, but they typically see .75%. Ms. Herndon felt a percentage of 7.72% reported on the hearing information sheet might be a problem. She said there could be some discount on this issue depending on if the sale is competitive or negotiated. She felt this was completely within the norm compared to other projects. They typically only allow 1% in the advertising.

Mr. Barrow said he felt 1% was too much.

Mr. Barnes asked if officials checked with anyone else and the Superintendent replied no.

Mr. Bowen asked what changed with the project when the building size was reduced from 120,000 square feet to 92,000 square feet. The Superintendent said the cost square foot caused a building that size to make the tax impact too high. The smaller project still gives them what they need academically. Mr. Bowen asked what was cut from the project. The Superintendent said they had never discussed the number of classrooms in the initial building plan. Mr. Bowen asked where officials were with the solution on sewage system concerns. The Superintendent said they plan to put in a mound system, which would be more economical. Mr. Bowen asked if this has been approved by the Board of Health. The Architect said they are in an early phase of design and they have not approached them for approval.

Mr. Nemeth asked if consolidating with Bloomfield Schools has been discussed. The School Board President said their board members approached Bloomfield School officials and they did not want to talk with them. The enrollment has been declining at Bloomfield and they are not facing the same issues as Eastern Greene. There is the distance of twenty miles that also must be considered. The community encompassing Eastern Greene Schools is also not supportive of that idea. Mr. Nemeth asked if the Superintendent not living in the district is an issue with the community. The School Board President said there are no larger towns in their school district and the school system is the community. The community would like to have the Superintendent live in the district, but there is little real estate available for sale. The school board has discussed that as a requirement, but they feel they do not have that authority. The prior Superintendent lived in Greenwood and the current Superintendent lives in neighboring Monroe County.

Ms. Johnson questioned the ratio on page 8 of the hearing information sheet. Ms. Steeno said it was a problem with the hearing information sheet template. Ms. Johnson questioned what was

referenced in Tab M of the materials submitted. The Superintendent said it is the vocational count reported to the state. Mr. Barnes said the state pays more for curriculum that could improve employment opportunities. Ms. Johnson asked if the district offers those classes. Ms. Hineline said the school district only offers the ones with student counts reported. Ms. Johnson asked if there are parking problems currently and the Superintendent replied yes. Ms. Johnson suggested limiting the number of students allowed to park at the school. The School Board President said there are also problems with parking at school events.

Ms. Hineline asked what would happen if the Common School loan was not approved. The Superintendent said they would borrow through the bond issue. Ms. Steeno said they are requesting the entire amount today in case that would happen.

Mr. Bronnert asked about the heating/cooling system. The Superintendent said it would be geo-thermal. Mr. Bronnert noted that would help the General fund budget due to decreased energy costs. Mr. Bronnert asked if the proposed I-69 extension cuts through their school district. The Superintendent said yes, which would impact them with more growth. They also expect new influx with this new building project.

Mr. Barrow asked if this project totally eliminates need for portable classrooms and the Superintendent replied yes.

Ms. Johnson asked if officials really wanted to bring back home-schooled students. The Superintendent said they know this will increase costs, but they are also considering what growth will do for them. Officials did a long-range plan three years ago when he came to the district. This proposed facility could be expanded to 1,200 if it became necessary. The current facility cannot be expanded.

Mr. Roberson asked if there was no remonstrance even with the possible tax rate impact. The Superintendent said everyone sees the need. A flyer was sent to all property owners in the school district.

Ms. Johnson asked if officials were concerned by the debt to assessed value increase. Ms. Steeno said with the low assessed value, the community has been informed and is supportive.

Mr. Barrow asked if the tax rate impact was calculated with agriculture land taken into account. Ms. Steeno said officials were shown several types of financing options and they preferred level payments. Mr. Barrow asked if the new assessed value for agriculture land was used to calculate the tax rate impact and Ms. Steeno replied yes.

**Motion:** Mr. Bronnert made a motion to approve a lease rental agreement with maximum annual payments of \$1,710,000 for 23 years. Mr. Bowen seconded the motion, which carried by a vote of 7-1. Mr. Barnes cast the dissenting vote.

**Middlebury Community Schools, Elkhart County:** Officials requested approval of a lease rental agreement with maximum annual payments of \$5,030,000 for 25 years. The total project cost is \$57,545,000. The tax rate impact of the project \$0.20 with a new facility rate impact of



\$0.0866 expected. The common construction wage scale was passed by a 2-1-2 vote with the representatives of the State Federation of Labor and Awarding Agency voting for, the Owner's representative voting against and the representatives of the Governor and County Commissioners abstaining. There was no application for a petition and remonstrance process.

**Present for the hearing** was Jim Conner, Superintendent; Shirley Meyer, Business Manager; Robert Kindel, School Board member; Randy Hesser, School Attorney; Steve Park, Architect; Jerry Gibson and Joe Hoffman, Construction Control; Jim Elizondo, City Securities Corporation; Ralph Gerhart, Municipal Finance and Jane Herndon, Ice Miller.

**Project:** The project is:

1. New Academic High School-It will contain only classrooms and a physical education gym along with support areas of offices, media center and cafeteria. The capacity of the new high school is 1,300 students and it will house grades 9-12. Educational spaces incorporated into the design will allow expansion to accommodate 1,450 students for projected future growth. The new high school will be built on school property west and adjacent to a main campus. The campus is occupied by the current high school, Northridge, educating grades 9-12, Heritage Middle School educating grades 6-8 and Orchard View Elementary, one of four in the corporation, educating grades K-5.

At the conclusion of the project in the fall of 2008, Middlebury Community Schools will adopt a new grade configuration. The new high school project will educate students grades 9-12, the current high school Northridge will become the middle school educating students in grades 6-8, the current middle school will become an intermediate school for grades 4 and 5 and the four elementary schools will educate students in grades K-3.

The new grade configuration and the proposed new high school is the result of seven public work sessions conducted with the community. It was selected as the best option to accommodate Middlebury's classroom overcrowding and projected future student growth. It also addresses infrastructure needed to provide a positive educational setting for each of the existing Middlebury schools. The project will increase curriculum offerings that have been limited or decreased because of limited space at the middle school and high school. For example, Northridge High School and Heritage Middle School presently are utilizing classrooms without labs as science rooms with the result science curriculum standards cannot be fully implemented. Three schools, Northridge High School, Heritage Middle School and Jefferson Elementary are each utilizing storage spaces as classrooms. The use of portable classrooms is growing. In the 2005-2006 school Northridge High School will have two portable classrooms, Heritage Middle School four, and Jefferson Elementary one portable classroom.

2. Renovation of Middlebury Elementary Kitchen/Cafeteria-Middlebury Elementary kitchen renovation is to enlarge and upgrade the food preparation kitchen area and to create a better food serving traffic flow.
3. Renovation of Northridge High School Science and Music Rooms-The current Northridge High School, to become the middle school, requires additional classrooms

equipped as science labs. Existing classroom will be converted to science-equipped labs. In addition, the music and band rooms of Northridge High School are not adequately sound proofed. Music and band classes cannot be conducted the same class period because of the noise level.

At the conclusion of this project each of the Middlebury Community Schools educating facilities will have more desirable class sizes and adequate educational spaces for current and projected student growth.

**Comments:** The Superintendent spoke about the project. A project was defeated by a remonstrance with an outcome of 3,000 in favor and 3,600 opposed in April 2003. This was mainly due to questions of the tax rate impact of that project. Officials went back to the community to see what they wanted as far as facilities were concerned. Officials held seven community work sessions from January to April 2005, each with a different focus. An architect presented seven options at the fourth meeting based on ideas and concerns raised at the prior three meetings. The community was allowed to have input at each work session. The community was also kept informed through newspaper articles and an assortment of information was posted to their website. The Superintendent submitted copies of that information to the control board members. The school also had printed copies available to individuals that did not have internet access. The Superintendent reviewed the website information that he submitted. The staff was also kept involved through meetings for questions and explanations. The input from the staff actually changed the direction of this project, which added a 4<sup>th</sup>-5<sup>th</sup> elementary school level. The project was divided into two pieces since issues had been raised on the athletic portion. Phase I of the project involves classroom space and phase II is an auditorium and swimming pool. Officials anticipate coming back with phase II after the first of the year. A competition gymnasium is no longer part of phase II. The project will touch all buildings and work to improve education for students at all levels. They did not have a remonstrance on this phase because the board listened to the community and adjusted the plan to meet community needs. The petition and remonstrance process will begin in a few weeks on phase II. A new facility appeal was presented during the 1028 hearing in the amount of \$1,072,500. The tax rate impact will be \$0.0866 over a two year period beginning with taxes payable in 2008. The district has experienced growth over the last twenty years, with an increase of over 130 students this year. They have four of their six facilities that are substantially over capacity. Officials considered adjusting the boundaries, but there is no opportunity to add on to a facility at the elementary school level. The enrollment projections estimate growth at 2% to 2.5% each year. Officials had to employ five additional teachers this year. The ability to offer a variety of curriculum is difficult at the high school and middle school levels. They have cut Drama from the middle school offerings and need to increase science and math offerings at the high school. The study halls at the high school contain 150 students, so officials would like to increase course offerings to reduce that number. The needs of grades 4 and 5 are addressed with a standardized curriculum to meet state standards. The gym will have two classes in the facility each period of the school day. The renovation at Middlebury Elementary involves updating the kitchen and the high school is to the music and science area to increase classroom utilization. Class sizes have increased and portables have been added at several facilities. Areas in buildings not designed for classrooms have been converted for that purpose. Officials are aware of the impact this will have on taxpayers. Through fee negotiations, the project was reduced by \$735,000 from the

projection reported at the 1028 hearing. The project is now reduced to \$57,545,000. The new high school will be a two-story structure and utilize natural light. The focus is on safety with improved security and traffic for buses, vehicles and students being separated. The site is compact, but allows for future expansion. The impact of this project becomes negative in 2013 as compared to current debt costs. This project has overwhelming community support for classrooms to address the overcrowding. The project was separated to allow the community to select and reject parts of the project. They are addressing the curricular needs of students as they continually work to achieve adequate yearly progress. The project addresses class size issues at all levels. Officials have addressed the tax impact as debt is moving off the books as buildings are being paid off.

Ms. Johnson asked if there was anyone in attendance to speak in opposition to this project. There was no response from the audience.

Mr. Nemeth asked about the situation with taxpayers on the project. The Superintendent said officials spoke with them and they were not opposed to additional classroom space, but were concerned about the swimming pool and auditorium. Mr. Nemeth asked about the projected cost of phase II. The Superintendent said it was just over \$16 million. It would be cheaper to do it now with lower architect and construction management fees. Ms. Herndon noted this project stands on its own, even if the remonstrance defeats phase II.

Mr. Barrow asked about the common construction wage scale since two members abstained from the vote. The taxpayer representative said he abstained because he was not, and still is not happy with the scale because of insufficient data. He was comfortable with allowing the wage scale to proceed as it was modified.

Mr. Barrow asked if officials would proceed with this project even if phase II were defeated and the Superintendent replied yes.

Mr. Bowen asked if there was any work being done on the current Heritage facility and the Superintendent replied no.

Mr. Bronnert asked what grades the current middle and high school would house. The Superintendent said the current middle school will house 4<sup>th</sup> and 5<sup>th</sup> and the current high school will house 6<sup>th</sup>-8<sup>th</sup> grades.

Mr. Bowen asked if there would be an addition of 30,000 square feet at Northridge and the Superintendent said no, just renovation. An addition was an option that had been discussed. Mr. Nemeth noted the construction management fees seemed reasonable.

**Motion:** Mr. Barnes made a motion to approve a lease rental agreement with maximum annual payments of \$4,980,000 for 25 years. Mr. Bronnert seconded the motion, which carried by a vote of 6-1-1. Mr. Barrow cast the dissenting vote and Mr. Roberson abstained.

**Union-North United School Corporation, Marshall/St. Joseph County:** Officials requested approval of a general obligation bond issue in the amount of \$795,000. The total project cost is

\$795,000. The term of the bond is 1 year. The common construction wage did not apply since each project will bid separately and are under \$150,000 each. The issue fell below the threshold for a petition and remonstrance process.

**Present for the hearing** was Larry Phillips, Superintendent; Curt Pletcher, HJ Umbaugh and Jane Herndon, Ice Miller.

**Project:** The Union-North United School Corporation currently has one elementary building (K-6), and one Jr./Sr. High School (grades 7-12). The Elementary Building was built in 1984, and is in very good condition, but has outgrown its present capacity. The School Corporation currently utilizes four modular classrooms that house the entire 6<sup>th</sup> grade student population. The modular units were purchased and installed in 1999, as temporary classrooms. In addition, one computer lab is currently located in a storage room.

The Jr./Sr. High School Building was built in 1964, and has had one addition in 1983, and is in good condition. Two modular units are currently used to house three special education programs. While both modular units are ramped, there is no enclosed connection between the High School and the temporary units.

In addition to the current space requirements at both existing facilities, there are three planned residential developments which are estimated to house 75-100 school-aged children in the near future. To address the overcrowding and projected growth in enrollment, the School Corporation has planned a three-phase solution to upgrade and provide adequate academic space and learning environment for our students.

The first two phases will address the current needs at the existing facilities, and will focus on needed technology, repairs, renovations, and other equipment upgrades that cannot be currently funded through the Capital Projects Fund maximum levy. The Corporation plans to issue two short-term general obligation bond issues to address these immediate needs. Phase I will address technology upgrades and improvements and roof repairs at both existing buildings. Phase III will be the construction of a new Middle School by 2007-2008, and provide the relief from overcrowding at the Elementary and High School facilities. Through utilization of the two short-term bond issues, the Corporation will attempt to accumulate Capital Project monies to fund equipment and technology needs at the new proposed facility.

**Comments:** The Superintendent spoke about the project. Officials request a general obligation bond issue in the amount of \$795,000 with a term of one year. The project involves technology upgrades as well as roof repairs. The elementary school is a K-6 facility that was built in 1982 and the high school was built in 1965. The Capital Projects fund receives \$660,000 per year with \$200,000 going to cover utilities and insurance. A large portion of the budget also covers technology personnel. This project is independent of any future projects that are anticipated. Official will pursue phase II next year for a major remodeling of the elementary and high schools. They might pursue the possibility of a middle school concept in the future. This area is becoming a bedroom community to South Bend, so officials anticipate future growth. They estimate an additional 200 to 350 students and they are already at capacity. Officials feel these types of improvements should be paid off in one year. The third phase is expected to be a multi-

year repayment. There will be bonds that are retired this year. Officials feel the cost of a pitched roof is worth it in the long run. They will be purchasing cloning software with the capability to scan a picture or text at one computer and feed it to many different computers.

Mr. Pletcher continued the discussion. They are currently utilizing portable classrooms. The 6<sup>th</sup> grade is housed in them at the elementary school. School officials have been reviewing their facility needs.

Mr. Barnes suggested officials consider borrowing from a bank rather than issuing bonds. This would save on financing fees for such small debt issues.

Mr. Bowen asked if both projects would be bid at the same time. Officials said they would look at a way to get the best possible price, but would probably be separate since they are different projects. Mr. Bowen noted that giving a contractor a combo price could throw this project into the common construction wage requirement.

Mr. Nemeth asked if future building plans have been shared with the community and the cost estimate. The Superintendent said the middle school cost is around \$13 million. He said 12% of their student population is special education and that does not include speech therapy students. They also have many autistic children to educate. They have to send some of their special needs students to another facility due to lack of space.

Mr. Bronnert asked if the project was presented to the community. The Superintendent said officials began discussions at school board meetings. He also spoke to community groups and he has identified only one individual that believes children can be educated in the same building of 1970's era.

Ms. Johnson asked about the increase in enrollment projections. The Superintendent said housing developments are going up in the area. The classes graduating out of the high school are smaller than the elementary level classes. They are also seeing cash tuition students from South Bend.

**Motion:** Mr. Barnes made a motion to approve a general obligation bond issue in the amount of \$795,000. Mr. Nemeth seconded the motion, which favorably carried 8-0.

**Penn-Harris-Madison School Corporation, St. Joseph County:** Officials requested approval of a lease rental agreement with maximum annual payments of \$677,150 for 6 years. The total project cost is \$3,066,492. The tax rate impact of the lease is \$0.027 with no new facility appeal planned. The common construction wage did not apply to this issue. There was no application for a petition and remonstrance process.

**Present for the hearing** was Dr. Denise Seger, Associate Superintendent; Ralph Gerhart, Municipal Finance and Jeff Qualkinbush, Barnes & Thornburg.

**Project:** This is a transfer of the Energy Savings Contract to the Debt Service Fund from the Capital Projects Fund and General Fund. Therefore, there are not any project costs other than the outstanding amount of the contract which is \$3,044,992.

**Comments:** The Associate Superintendent spoke about the proposed lease issue. The purpose of the lease rental agreement is to transfer the Guaranteed Energy Savings contracts to the Debt Service fund. She had a conversation with Mr. Qualkinbush last year regarding the DLGF approval of Delphi Schools doing this type of financing. The Capital Projects and General fund budgets are tight and this would free them up for other necessities. The projects were preventative maintenance items, HVAC upgrade and converting from gas to electric heating. Officials held the required public hearings and heard no objections from the public and no objections were filed with the County Auditor. Officials held many community meetings and shared this option along with the budget. It is possible some teaching positions would need to be eliminated in 2006 and they have already reduced some programs. There is four years remaining on the contract. The tax rate impact of this debt issue is approximately \$0.02.

Ms. Johnson asked if this issue was to free up the General fund. The Associate Superintendent said it will help the General and Capital Projects funds. Many of their buildings need on-going maintenance that would be covered by the Capital Projects fund.

Mr. Roberson asked for an explanation of the legality of this type of financing. Mr. Qualkinbush said they are entering into a lease since it is allowed to be paid from the Debt Service fund. The taxpayers were given the opportunity to remonstrate on this debt issue. The only difference with this issue is the project has already been completed.

Mr. Bowen asked if this could be done a year after a project is completed and Mr. Qualkinbush replied yes. Mr. Bowen said he voted no on the last one because he does not feel this was the purpose of the law. Mr. Qualkinbush said there are two concepts of the Guaranteed Energy Savings law. There is the construction management aspect which is the guaranteed energy savings itself. The second is the different financing options. Those options include a lump sum payment out of the Capital Projects fund, a bond transaction, or an installment payment from the Capital Projects or General funds. There is nothing in the law prohibiting a school from doing this later. Delphi Schools has opened up \$600,000 each year in their budget by moving these payments to the Debt Service fund. Mr. Qualkinbush feels if they allow the petition and remonstrance process, this is within the spirit of the law.

Mr. Nemeth asked if there is a sale of property involved in this financing. Mr. Qualkinbush replied yes. Mr. Nemeth asked what building would be sold and Mr. Qualkinbush replied Schmucker Middle School.

Mr. Barnes asked how old the agreement is that is being transferred. The agreement dates back to 1999 and expires in ten years. Mr. Barnes asked if the savings are real dollar or agreed on in advance. The Associate Superintendent said that was determined in advance. Mr. Barnes asked if they were taking funds from the bond sale to pay off the contract. Mr. Qualkinbush said no, they are just transferring the payments to the Debt Service fund. Mr. Barnes asked if this could be done with a bond issue. Mr. Qualkinbush this way avoids the expenses associated with a

bond issue. Mr. Barnes felt that this was a case where another set of eyes is reviewing the situation and he is not opposed to this type of issue.

Mr. Nemeth asked if the officials amended the contract after the law change. The Associate Superintendent was not aware of any changes. Mr. Qualkinbush noted there have been no issues raised in previous State Board of Accounts audits.

Mr. Bronnert said the School Property Tax Control Board will probably be seeing innovating ways to finance projects in the future. The board members discussed this possibility and raised concerns.

Ms. Johnson noted a problem with a ratio calculation on page 8 of the hearing information sheet. Ms. Johnson asked about the persistence rate and the graduation rate. Mr. Barrow said the persistence rate represents those entering high school and the graduation rate is the number of seniors that graduate.

**Motion:** Mr. Barnes made a motion to approve a lease rental agreement with maximum annual payments of \$677,150 for 6 years. Ms. Johnson seconded the motion, which carried by a vote of 6-2. Mr. Nemeth and Mr. Bowen cast the dissenting votes.

**Crawford County School Corporation, Crawford/Harrison County:** Officials requested approval of a lease rental agreement with maximum annual payments of \$133,333 for 16 years. The total project costs are \$2,000,000. The tax rate impact of the project is \$0.05 with no new facility appeal planned. The common construction wage information was in order. The issue fell below the threshold for a petition and remonstrance process.

**Present for the hearing** was Mark Eastridge, Superintendent; Dennie Oxley, Assistant Superintendent; Tom McGuire, McLiney & Company and Thomas Peterson, Ice Miller.

**Project:** The project involves Crawford County High School and includes:

1. Remove asbestos from the building.
2. Replace the roof.
3. Install more energy efficient windows throughout the building.
4. Replace HVAC system.
5. Bring the electrical system up to code.
6. Upgrade the plumbing fixtures and bring plumbing system up to code.
7. Bring the entire building into compliance with ADA requirements.
8. Repair and remediate termite damage.
9. Install a more maintenance free flooring.
10. Replace existing folding panel partitions.
11. Install sprinkler system.

**Comments:** The Superintendent spoke about the project. He began as Superintendent in January 2005. He assessed facilities when he began and found the elementary schools to be in good shape, but there were significant problems at the Jr./Sr. High School. He discussed with the school board and then held discussions with an architect. Officials also requested a facility

study be completed. The roof at the facility leaks severely and a thermal analysis was done on the roof. There is the potential for system failures that could make the facility uninhabitable. The HVAC system is original to the building and mold is also a problem. The project includes the replacement of windows and doors as almost all doors cannot be locked currently. Officials asked the architect to rank projects based on need with a set budget.

Mr. Peterson continued the discussion. The project will be financed through a Qualified Zone Academy Bond which was approved by the Department of Education. The financing is at 0% and \$2 million is the maximum amount allowed.

The Superintendent said they plan to address the most critical needs first with the funds.

Mr. Barnes asked what services the school receives for the \$83,000 structuring fees. Mr. Peterson responded that is the cost of issuance based on statute. The most difficult aspect is locating the required private donation. The fee also covers bringing in qualified buyers, which are financial institutions that receive a tax credit. The local banks are not always interested in buying the bonds. Another item they are responsible for is preparing the investment agreement. Mr. Peterson said they have done a QZAB without this service before, but that school had a riverboat foundation to donate the required 10%. Mr. McGuire added that a school borrows \$2 million, but only pays back \$1.8 million. He said they already have a buyer set for this bond issue.

Mr. Bowen asked if the cost of construction was \$1,820,000 and the Superintendent replied yes. Mr. Bowen asked if there was a breakdown of project costs. The Superintendent said they will address the most pressing issues first. The architect is preparing the specs and officials are not sure how far they will get down on the list of projects. Mr. Bowen asked if a sprinkler system was part of the project. The Superintendent said that was an option on the project and the architect would recommend this be done sometime in the future. Mr. Bowen asked if the building is thirty years old and the Superintendent replied yes.

Mr. Nemeth asked how often a school can request a QZAB. Mr. Peterson replied they can request every year up to a limit of \$2 million. Mr. Nemeth asked why not finance another project through a QZAB issue in the future. Mr. Peterson said it would be the most cost effective method of financing a project. Mr. Nemeth asked about the local match for this project. Mr. McGuire said the donation is from a company called Learn.com in the form of computer learning programs. They will provide \$200,000 worth of on-line learning programs. Mr. Nemeth asked where the company is located. Mr. McGuire said Ft. Lauderdale, Florida. Mr. Peterson said the requirement is the donation come from the private sector and does not have to be bricks and mortar. An example from another project was a hospital established a local candy striper program.

Ms. Johnson asked about the ISTEP scores in the district. The Superintendent said officials are not pleased with them and are working on addressing this issue. They are also concerned about their special needs population. Ms. Johnson questioned the Building Analysis section of the hearing information sheet that shows 12% academic space and 88% athletic. Officials noted the football field and track are being included in the calculation. The control board members felt the



Building Analysis form should be revised. Mr. Peterson said maybe the total under roof should be separated from the outdoor facilities. Ms. Johnson noted the negative architect fees listed in the cost of construction and Mr. McGuire said an amendment was sent in to the DLGF. Ms. Johnson asked about the increase in per capita income in Crawford County, which nearly doubled between 1989 and 1999. The Superintendent said they are still a poor county and could not explain the increase. There is not much industry in the area and there is a great deal of land that is owned by the state.

Mr. Bronnert asked where this facility is located. The Superintendent said it is five miles outside of Marengo. Mr. Bronnert asked if they are served by PSI or Cinergy. The Building Supervisor said this facility is on Cinergy.

Ms. Johnson asked what the state average percentage is for special education students and the Superintendent said 18%. Ms. Johnson asked what the percentage of students go on to college or a vocational school. The Superintendent said he was not sure, but not enough. School officials need to find things beyond student loans to provide the opportunity for higher education.

**Motion:** Mr. Nemeth made a motion to approve a lease rental agreement with maximum annual payments of \$133,333 for 16 years. Mr. Barnes seconded the motion, which favorably carried 8-0.

**West Noble School Corporation, Noble County:** Officials requested approval of a lease rental agreement with maximum annual payments of \$133,333 for 16 years. The total project cost is \$2,000,000. The tax rate impact is \$0.05 with no new facility appeal planned. The common construction wage information was in order. The issue fell below the threshold for a petition and remonstrance process.

**Present for the hearing** was Dave Speakman, Superintendent; Tom McGuire, McLiney & Company and Thomas Peterson, Ice Miller.

**Project: High School:** This project will replace old, inefficient classroom heating/cooling units in our high school built in 1979. The old computer network system and add on components in the high school will be upgraded in order to allow our staff and students access to the new educational programs being provided by our QZAB business partner, Learn.com. Learn.com has made a donation to the West Noble Schools in the amount of \$200,000. This partnership is a requirement of the QZAB program.

**Ligonier Elementary School:** The Ligonier Elementary building will also have old, inefficient classroom heating/cooling units replaced in the 1990 addition. Additional HVAC work will be done to convert the entire school to an energy management system. In addition, 30 obsolete classroom computers will be replaced.

**West Noble Elementary:** Construction at the West Noble Elementary building will consist mainly of upgrades to the HVAC controls in all areas of the building. They will all be automated and controlled by the energy management system. In addition, 25 obsolete classroom computers will be upgraded.

West Noble Middle School: West Noble Middle School will replace 30 obsolete classroom computers in order to operate the new student/staff software package to enhance learning opportunities.

**Comments:** The Superintendent spoke about the proposed project. The school district is located in Ligonier and is a rural district, but 38% of their students are minorities. The student population is 35% Hispanic. Over 20% of students have limited English and 54% are on free or reduced lunch. West Noble High School was built in 1971 and was the first building to replace a 100 year old facility. The building is not energy efficient. The heating system was replaced in 1996. This project replaces classroom ventilators, which is a two-pipe system that is not efficient and is noisy. Ligonier Elementary has the same two-pipe system in its 1991 addition. The systems at all four buildings will be in much better shape. Officials are trying to modernize the facilities and a technology upgrade at the high school will prepare it for wireless technology.

Mr. Peterson noted this is a Qualified Zone Academy Bond as well. The votes at the lease hearing and the 1028 hearing were 7 to 0.

Mr. Nemeth asked about the graduation rate in 2003-2004. The Superintendent said that was due to a change in the reporting procedures. If a student left and said they were pursuing a GED and did, they could not include them in the count. The Superintendent noted the ISTEP scores were low due to the student population.

Ms. Johnson asked if there was an English as a Second Language program and the Superintendent said yes, an extensive program.

Mr. Roberson requested a technology list be sent to the Department of Local Government Finance.

Mr. Nemeth asked what was the donation that is required for this project. Officials said it is the same as Crawford County Schools, which is learning programs from Learn.com..

**Motion:** Mr. Barnes made a motion to approve a lease rental agreement with maximum annual payments of \$133,333 for 16 years. Ms. Johnson seconded the motion, which favorably carried 8-0.

**Avon Community School Corporation, Hendricks County:** Officials requested approval of a pension bond issue in the amount of \$4,200,000. The tax rate impact of the bond issue is \$0.0202. The term of the bond is 20 years. The Bond Resolution states the Bus Replacement fund will be reduced first to offset the debt, with the Capital Projects fund neutralizing if necessary. This is a second request for pension bonds. The DLGF approved \$6,700,000 on July 10, 2002.

**Present for the hearing** was Tim Ogle, Superintendent; Joe Koval, Deputy Superintendent; Rod Wilson, City Securities Corporation and Karl Sturbaum, Bose McKinney & Evans.

**Comments:** The Superintendent spoke about the proposed pension bond issue. Officials request a \$4.2 million bond issue to eliminate their unfunded pension liability. The first bond issue eliminated the teacher liability and this bond issue will cover the administration and non-certified staff. The total buyout with both bond issues will be \$10.9 million. This issue has been discussed at eight school board meetings. A discount rate of 5% was used for this issue.

Mr. Nemeth asked if the bond issue in 2002 was just for teachers. The Superintendent said the first bond issue did not eliminate the liability. The Assistant Superintendent said this issue will eliminate the unfunded liability. Mr. Wilson noted there was not enough room in the bonding capacity to eliminate the liability at that time. Mr. Nemeth asked if there was an agreement in place with teachers at that time. The Assistant Superintendent said no, but there are agreements in place for all staff at this time.

Mr. Bronnert asked why a discount rate of 5% was used rather than 2.5%. Mr. Wilson said at the time this came about, all had hoped that was feasible. He knows some are done at a much lower rate.

**Motion:** Mr. Barnes made a motion to approve a pension bond issue in the amount of \$4.2 million with a term of 20 years. Ms. Johnson seconded the motion, which favorably carried 8-0.

**Monroe County Community School Corporation, Monroe County:** Officials requested approval of a lease rental agreement with maximum annual payments of \$557,000 for 21 years. The total project costs are \$4,500,000. The tax rate impact of the project is \$0.01 with no new facility appeal planned. The common construction wage information was in order. There was no application for a petition and remonstrance process.

**Present for the hearing** was John Maloy, Superintendent; Mike Scherer, Director of Extended Services; Tim Thrasher, Comptroller; Tom Bunker, School Attorney; Scott Veazey, Architect; Lonnie Therber, Therber & Brock and Karl Sturbaum, Bose McKinney & Evans.

**Project:** The conversion of the Broadview Elementary School facility to provide for alternative school and adult education consists of three components: 1. Demolition of the two-story wing constructed in 1929; 2. Renovation and remodeling of the remaining portion of the building; and 3. Addition of classroom space and parking.

The 1929 portion of the building has literally been cut in half vertically, the north side of the building removed, and the remaining building covered by a later vintage façade. There are severe limitations regarding access for persons with handicaps, heating and ventilation, and infrastructure in this part of the building. Further, this portion of the building occupies an area of the site which may be much better used to augment the limited vehicular drop off and parking. Demolition of this portion of the building will be much more cost effective than rehabilitation.

The remaining portion of the existing building is in need of substantial work to bring it up to current building standards. This project will address upgrading the mechanical, electrical and plumbing components to achieve contemporary standards as well as code compliance. Building infrastructure work will include roof and window replacement, provision of accessible toilet

rooms and entries, and general accessibility upgrades. The classroom portion of the building will receive minimal reconfiguration, but will be provided with new finishes. The building administration offices will be relocated in such way that much better building security will be possible.

New construction will include the addition of additional space to fulfill the building program needs. This will consist of two classrooms, and a mechanical room. The entry will be relocated to the north side of the building to provide increased control and security, and a new entry airlock will be provided. A new vehicular drop off area will be provided along with additional parking to eliminate the need to back cars directly into a city street when exiting the building site.

**Comments:** The Superintendent spoke about the project. Broadview Elementary will be renovated to become a learning center. They will consolidate several programs currently housed in buildings not owned by the school corporation. Those programs include English as a Second Language, GED and alternative programs.

The Facilities Director continued the discussion. This is a 32,000 square foot facility. The project includes the demolition of a 2,800 square foot area that dates back to 1929. This is a two-story area of the building with limited access. The existing gymnasium will be converted into academic space and the playground will become a community park. The building will see mechanical upgrades and the roof will be replaced.

The Controller continued the discussion. The construction costs total \$4,360,000 with a \$4.5 total cost including soft costs. The lease term is twenty years and a maximum annual lease payment of \$557,000. The tax rate impact of the project is approximately \$0.01.

Mr. Bowen asked for a breakdown of project costs. The Architect said a breakdown of costs is difficult with the format of the hearing information sheet. He said demolition costs are \$1 per cubic foot. The building is partially below grade and a cost to address this is \$84,000. The renovation is \$77 per square foot, with a total renovation cost of \$2.9 million. This cost includes bringing the cafeteria area of the building up to grade. The cost for the addition is \$730,000. A metal canopy will be removed and a parking lot added. Mr. Bowen asked for a copy of the architect information to be submitted to Ms. Hemmerle.

Mr. Nemeth asked if this facility was part of a prior building controversy and the Controller said no.

Mr. Bronnert asked if this would consolidate a number of locations and the Superintendent said yes. Mr. Bronnert asked if the school corporation was renting these locations and the Superintendent replied that some were leased. Mr. Bronnert asked how much rent payments would be reduced. The Superintendent said they would reduce some, but did not know how much. One site is used in partnership with the city and they are not charged any rent. Mr. Bronnert asked if there would be no real savings to the General fund. The Superintendent said there would be improved efficiencies with equipment and staff being at one site. The Facilities

Director said the maintenance costs would decrease. Mr. Bronnert asked if this is mostly adult learning. The Controller said yes, mainly bringing young adults back to school.

Mr. Barrow asked if a general obligation bond issue was considered rather than a lease. The Controller said officials are working on a retirement solution and wanted to preserve the capacity for that issue.

Mr. Bowen asked if officials considered building a new facility. The Controller said no. This facility was replaced with another and the community really wanted to have the programs here. The site is not suitable for a new facility.

Mr. Nemeth asked what the school board vote was at the September 6, 2005 lease hearing and the Controller said 7 to 0. Mr. Nemeth asked about the timeline for a pension bond. The Controller said hopefully this year with a possible control board appearance in November. They might not be able to sell the bonds this year. Mr. Nemeth asked if officials planned to have a negotiated agreement in place and the Controller replied yes. Mr. Nemeth asked what the unfunded liability amount is and the Controller was not sure.

**Motion:** Ms. Johnson made a motion to approve a lease rental agreement with maximum annual payments of \$557,000 for 21 years. Mr. Barnes seconded the motion, which favorably carried 8-0.

**Adjournment:** There was no further business to discuss and the meeting was adjourned.